

Afterword

One Life, Two Questions

An abiding interest in two questions has shaped my life: how do countries get out of poverty, and what makes for good government?

During sixty years of adult life, my interest in those questions has led me into diplomacy, development banking, and the development of capital markets in countries making the transition from a command economy to a market economy.

I have lived and worked in countries ruled by a colonial government, a military junta, a one-party socialist dictatorship, and various types of liberal democracy with market economies. I have learned, to different degrees of proficiency, two Asian languages (Gurkhali and Mandarin Chinese), and three Romance languages (French, Spanish, and Latin). But it was China, one of the most puzzling and dramatic countries on earth, that first awakened my interest in the escape from poverty and the challenges of governance. I chose to study Mandarin for two years, volunteered for two diplomatic postings in Beijing, and wrote a book about how and why Deng Xiaoping won the struggle for the succession to Mao Zedong and Zhou Enlai.

For sixty years I have tracked China's search for a modern identity, a search that began in the late nineteenth century and is far from complete. In that time, I have seen China plumb the depths of

political tragedy and scale the heights of economic success. I am impelled to write this book now because I believe that China's search for a modern identity is about to enter a new and perilous phase in which there will be a crisis, there may be chaos, and there could—just possibly—emerge a new and better political order.

I pride myself on my objectivity, but I did not approach this writing as an agnostic on the fundamental issues of politics and economics. I came to it with a mind formed by my six decades of wide-ranging experience.

My objectivity is sustained by the fact that, unlike many writers whose livelihood or career prospects depend on continuing access to China, I am completely independent: I have not the slightest need to consider self-censorship.

I began my China watching on the China-Hong Kong border in 1958, peering through a pair of binoculars. I was commanding a small detachment of Gurkha soldiers in the Sha Tau Kok Observation Post, set high on a hillside overlooking a valley through which ran a flimsy fence of wire netting that divided the British Empire from Red China. In the hills that faced us there was no doubt an observation post where the People's Liberation Army was watching us.

By day, the valley slumbered, but every night a stealthy drama was played out across the border. Scores or even hundreds of people from the mainland would try to evade the border guards and slip into Hong Kong. They were trying to escape from a society that had been thrown into turmoil by Mao Zedong's Great Leap Forward. They had been promised a great leap into prosperity and a modern industrial society, but the outcome was social upheaval, starvation, disease, and forty-six million premature deaths, as collectivization threw investment, production, and distribution into total chaos, and drove a resentful people to subvert the system.

On my visits to the city of Kowloon, I observed how those few refugees who succeeded in escaping coped with life in the colony. I admired the way they lived with dignity in their make-shift shelters on the streets or on the hillside overlooking the city. They built new lives, starting with nothing.

No two societies in the world presented a greater contrast in governance than the People's Republic of China and the British Crown Colony of Hong Kong. China under Mao was rushing headlong from socialism to communism. Starting with its leading role in the Korean War, the People's Republic had isolated itself from most of the world in every aspect of life. The power of the Communist Party of China was not subject to any constraint from a political opposition, a free press, or a constitution that protected the property, life, or liberty of the individual. By contrast, in Hong Kong, the role of government was extremely limited; it was a politics-free zone, a free enterprise economy par excellence, an entrepôt completely open to international trade, where the rule of law prevailed. The situation might have been designed by a social scientist to test the effects of the two systems of government. On the one side of the border, at that time, a Chinese society was suffering from turmoil and famine. On the other, people displayed extraordinary resilience, enterprise, family and social solidarity, and were exceptionally law-abiding.

My experience in Hong Kong, and the role Britain then still played east of Suez, led me to volunteer to study Mandarin when I joined the Foreign Service after university. I began my two years' study in Hong Kong in 1965, and the following year Mao Zedong launched his next visionary adventure, the Cultural Revolution. My Chinese teachers, fellow students, and I watched with horror as China descended into violent anarchy and civil strife. Families,

friendships, schools, and workplaces were torn apart. A two-year posting to our diplomatic mission in Beijing followed my language studies, and I learned what could happen even in a society that was heir to an ancient civilization when there is no law and politics take command. On my first excursion out of Beijing, driving across the North China plain to Tianjin, I gazed at the villages, little changed in millennia, and parties of men laboring to dig irrigation ditches, and asked myself, How do nations get out of poverty? Is it money, is it education, or is it ideas? My degree in English literature did not offer me even the most rudimentary answer, but I decided that I wanted to join an organization that had the mission and the means to work with poor countries to help them escape from poverty. The World Bank was clearly the organization I should aim for.

After my return from Beijing, I resigned from the Foreign Service and took myself, in 1971, to the Massachusetts Institute of Technology for the Sloan Fellows program to learn something about economics, law, and management science. Upon graduating, I found a way into the World Bank in Washington, DC. Thus I moved from a society in the grip of anarchy to one governed by a constitution, one that had succeeded in uniting under the rule of law a nation of immigrants from every corner of the globe.

In the four years I spent in the United States, its Constitution was subjected to two great tests of its strength: the Pentagon Papers legal case, followed by the Watergate political affair. In the first, the *New York Times* and the *Washington Post* tested the freedom of expression enshrined in the constitution by their determination to publish, against the will of the federal government, the Pentagon Papers, thousands of top-secret documents showing that the United States had entered the Vietnam War for wholly different

reasons than the declared ones, and that presidents and commanding generals knew that victory was unlikely. The government applied for an injunction to prevent publication. The US Supreme Court refused to grant it.

A year later, the Watergate affair began to surface. The press exercised its freedom guaranteed by the constitution to publish the fruits of its investigations, and the value of the separation of powers enshrined in the constitution was demonstrated as the three branches of government, judicial, legislative, and executive, interacted with each other and with public opinion. This interaction forced the most powerful person in the world, the president of the United States, to resign from office.

At the same time, my work in the East Asia and Pacific Department of the World Bank brought me face to face with the spectacular growth of the export-oriented, market economies of East Asia—South Korea, Taiwan, Hong Kong, and Singapore—while Mao’s China and Brezhnev’s Union of Soviet Socialist Republics stagnated under variants of autarkic socialism. That contrast taught me something about how countries get out of poverty.

Robert McNamara was a great president of the World Bank, but he ran it by numbers—as he had run everything from Ford Motors to the Vietnam War. After three years, I could see that my “soft science” understanding of the dynamics of Asian societies was not valued there, so I returned to diplomacy and to Beijing. From January 1976 to January 1979, I witnessed the greatest turning point in China’s history since the communists’ victory in 1949: the struggle for the succession to Prime Minister Zhou Enlai and Chairman Mao Zedong, both of whom died in 1976. As the world knows, that struggle was won by the reform faction of the Party led by Deng Xiaoping, who emerged in late 1978 as the supreme leader

of China, and then launched the strategy of economic but not political reform. The outcome of the struggle was of course not decided through a democratic process, yet public opinion played a crucial role. I was struck by what it showed about the values held by many Chinese and their resolve to shape the future.

At the start of my tour of duty as the British Embassy's principal analyst of China's internal politics, I had taken a decision, known only to myself, that I would work on the assumption that in terms of political values and instincts the similarities between Chinese people and "us" were primary, and the differences were secondary. Events over my three-year posting confirmed me in this view.

The most spectacular illustration of their values and their resolve to shape their own future took place on Beijing's Tiananmen Square in April 1976, four months after the death of Zhou Enlai, in the week leading up to the festival of Qingming, when Chinese by tradition honor the dead. For four days, the square was filled by half a million people who came, spontaneously and against the orders of the Party, to pledge loyalty to the vision of economic modernization left them by Zhou, and to oppose the violent, visionary communism of the ailing, but still living Mao and his cronies. In their speeches, and in hundreds of poems and declarations that individuals pinned on bushes and pasted on stonework around the square, currents of language, thought, and feeling that had been flowing underground for years broke to the surface. Similar demonstrations were happening in dozens of cities across China, almost certainly planned by reformers loyal to the legacy of Zhou Enlai and led by Deng Xiaoping, his heir-apparent. After four days, Mao and his allies in the Politburo ordered the public places to be cleared of demonstrators and the wreaths they had brought. Those who resisted were clubbed to the ground, and the stones on which they

stood were spattered with their blood. The protestors had lost the battle that day, but for the first time since 1949, Mao had faced a mass outpouring of popular sentiment opposed to him, and not only in Beijing but in major cities across China.

Deng Xiaoping was removed from office. My ambassador called me into his office and asked me: “What do you make of this, Roger?” I replied: “Deng will get back. He will rule China.” My ambassador laughed derisively.

The leftists had won a tactical victory, but five months later Mao died, and the Gang of Four were arrested. The blood shed by the brave young men and women in April had not been shed in vain. Over the next two years, we watched as the reformers gradually won control of the CPC, and therefore the state. The struggle had not just been waged among the elite, acting behind closed doors: the reformers had won the public to their side by revealing through the media those of their reform intentions that would most appeal to the public, and then discreetly mobilizing the mass demonstrations at Qingming in such a way as to make them look entirely spontaneous. There was an element of cynical manipulation in this, but it was also interaction between the reformers and the public.

The cynical element became apparent after Deng Xiaoping emerged supreme. He and his allies had mobilized support by giving the impression that they were more in favor of political liberalization than they actually were. For some weeks before his final victory, a movement in favor of democracy was allowed to emerge, led by youthful activists who set up “democracy walls” and published unofficial magazines that advocated democracy and the rule of law. As soon as Deng had established friendly relations with the United States, he moved ruthlessly to suppress the movement.

I experienced the rise and fall of the 1978–79 democracy movement in a very personal way. In October 1978, I watched hundreds of people on Tiananmen Square file past posters on which a poet had written a set of his poems, each one of which was political dynamite. The most explosive, “The Fallen Idol,” began:

“The tyrant of this era has fallen
From the pinnacle of unrighteous power,
From the tip of a rusty bayonet,
From the bent backs of a generation,
And a billion gasping, bleeding souls,
He has fallen,
He is dead.”

The tyrant was not named, but the readers recognized him as Chairman Mao, whom they had been forced to worship as an idol. As the poet wrote elsewhere, in mass movements to collectivize social and economic life, Mao had “moved billions of people around / As though whipping billions of tops.”

And this was only one of nine poems posted there. In others, the poet showed God liberating society from the grip of dictatorship, and he described that dictatorship in vivid detail that made it recognizable to any Chinese. He showed a total disregard for Mao Zedong Thought, which had the status of Holy Scripture. Words like “freedom,” “democracy,” and “human rights” that had long since disappeared from view leaped off his posters.

These poems electrified the capital and sent shock waves across the country. In the months that followed, many other men and women in cities across China would dare to give voice to demands for human rights and democracy, expressing themselves in unofficial public gatherings, wall posters, and a host of unofficial publica-

tions. The poems encouraged young democracy activists who had started to put up their own posters on a drab stretch of brick wall about a mile to the west of Tiananmen Square. For four months in the winter of 1978–79, voices would come from that wall that would be heard around the world and earn it the name of Democracy Wall. In the few months when it was allowed to flourish, I spent many hours at Beijing’s Democracy Wall, reading posters. In less public places, I met discreetly with democracy activists. The boldest of them was Wei Jingsheng. In his posters and articles, he argued that China could not achieve the Four Modernizations proposed by Zhou Enlai (agriculture, industry, science and technology, and national defense) without a Fifth—democracy. He fully expected the Party to act against him and other democracy activists, so I asked him:

“Why do you persist?”

“Because I know that democracy is the future of China and if I speak out now there is a possibility that I can hasten the day when the Chinese people will enjoy democracy.”

He opened his mouth, pointed to his tongue, and said, “Two years ago it was pointless for us to speak or write as we do now, for we would have been arrested as soon as the words had left our tongues.”

He was a member of the generation of Red Guards whom Mao had sent out from Tiananmen Square to fight for his collectivist vision of China’s future but who had returned thirsting for the very things Mao had called on them to destroy. They wanted individual freedom, and they had a consuming passion for liberal ideas and foreign knowledge. And they were determined to go to study in the United States and other liberal democracies, and not return.

Wei Jingsheng publicly denounced Deng as a “political swindler” who had won the struggle for the succession to Mao and Zhou

on a false manifesto, pretending to be in favor of political liberalization when he was nothing of the sort. He was soon proved right: shortly after Deng made the first visit to the United States since the communist victory in 1949, he ordered the repression of demands for political reform to begin. Wei was arrested and sentenced to fifteen years in prison. It so happened that the day of his arrest was my birthday, and the news reached me as I sat at my desk on a college campus in California, writing a book about the struggle for China's future in which Wei would feature.

The developments I had witnessed in China during that great turning point of its history had validated for me the hypothesis on which I had determined to work at the outset, that in terms of political values and instincts the similarities between Chinese people and "us" were primary, and the differences were secondary.

When my second posting to Beijing ended, I took a year of unpaid leave to write a book about how and why Deng Xiaoping had won the struggle for the succession to Mao Zedong and Zhou Enlai, and the direction in which he would lead China. No serving member of the British Diplomatic Service had ever published a book on the politics of a country to which he had been posted, but I thought it worth a try. The US Navy Postgraduate School invited me to spend a year as an Adjunct Professor of China Studies, and there I wrote *Coming Alive: China After Mao*. Our Foreign Secretary Lord Carrington and his ministerial colleagues approved it for publication, with a few minor changes, and I returned to the Diplomatic Service in early 1980.

Over the next twenty years, my professional life was not directly concerned with China, but it taught me much about the interaction between politics and economics, and developed my ideas about how nations get out of poverty and what is good government. As a

diplomat, I worked on the response of the liberal democracies to the Soviet invasion of Afghanistan, and to the rise of the populist forces in Central and Eastern Europe that led to the eventual collapse of the Soviet empire. Coming so soon after the 1978-79 democracy movement in China, the rise of Solidarity in Poland convinced me that grassroots resistance to totalitarian socialism was growing in Europe as well as Asia. I became convinced of the coming of a new era. I held the post of economic and financial counselor in our embassy in Paris as the British government under Margaret Thatcher started to roll back the state, helping to promote the role of the market in the European Economic Community, rejuvenating our economy, and leading a trend to privatization that spread across the world.

Those were years when, in the realms of ideas and of global economic competition, the classic freedoms of expression, association, and religion; open borders; free markets; and private ownership were gradually gaining ground against dictatorship, autarky, the command economy, and state ownership. After Paris, I resigned from the Diplomatic Service to become director of public affairs of the London Stock Exchange, at a time when Soviet power was weakening but the USSR had not yet collapsed. Reformers from countries like Hungary and Bulgaria came to ask if we would help them build stock exchanges of their own, at some point in the future when political circumstances might permit it. They were convinced that the Soviet Empire was going to crumble, that its component nations would undergo a transition from the command economy to a market economy, and that they would want to set up free capital markets. I shared their conviction.

Having been present at the birth of the era of “reform and opening” in China, I had watched from a distance as Deng had

launched the transition to a market economy ten years before the Berlin Wall came down. Although that transition was gradual and hesitant, and was not accompanied by political reform, the trend in the economic sphere was clear enough for me to arrange a visit to China by the chairman of the London Stock Exchange, the first by any major exchange. At the end of our stay in Beijing, we were received in a beautiful pavilion in the former Imperial City by a member of the Party's Politburo, Tian Jiyun. Tian, who was not afraid to display a sense of humor in public, explained that he was responsible for the work of developing a capital market in China, then in its infancy, but that he knew little about the matter, adding, "If, on your return to London, you will send me papers on the subject, I will become your propaganda agent here in China."

When, a year later, in May 1989, Chinese student demonstrators filled Tiananmen Square demanding democracy and freedom, I was not there to observe them. Instead, I was standing on the stage of the National Opera House in HỒ Chí Minh City (Saigon), explaining to an auditorium filled to overflowing the purpose of a stock exchange and what it could do for Vietnam's economy. While the Chinese students were demanding political freedom, I was explaining to the Vietnamese how a free capital market operates.

In the collapsing Soviet Empire, and in many other countries starting to make a transition from the command economy to the market economy, I saw a business opportunity in advising governments how to create the legislation and the institutions, such as stock exchanges and investment funds, required by capital markets. I created a company to seize that business opportunity, and over the next ten years, from 1990 to 2000, we worked in countries that ran through the alphabet from A for Albania to Z for Zambia.

We did not witness the coming of utopia. Indeed, I learned much about human wickedness. In every country in which we worked, we saw at close range the newly emerging elite professing their commitment to democracy and free markets but struggling to shape the new system to their own advantage, skew regulations, or fight for control of new institutions. In a single year while we were working in Russia, the press reported a total of forty bankers who lost their lives in contract killings, as rival groups competed for financial power. Sometimes the violence came rather close to me. In St. Petersburg, my hosts assigned me bodyguards and drove me in unmarked cars. In Novosibirsk, where I spent two months one winter initiating the first international investment fund for Siberia, the heavy mob broke into my flat after I declined to pay them protection money. In Moscow, the chief executive of a stock exchange apologized for being late for our meeting, explaining that he had been attending the funeral of his counterpart in another city, who had been assassinated. Just after meeting the founder of an exchange who wanted us to work with him, I learned he had just lost the services of his chauffeur, whose knees had been shot through on the orders of a rival exchange; I declined what could have been a lucrative contract.

The decade I spent working with these newly established “democracies” making the transition to the market economy brought home to me two concepts. One is that there are essential linkages between democracy, the rule of law, an independent judiciary, and a free press. Another is the extreme difficulty of developing all these good things until they function robustly. But my experiences reminded me, time and again, the truth of the oft-quoted words of Winston Churchill: “Democracy is the worst form

of government, except for all those other forms that have been tried from time to time.”¹

When in later years I returned to the study of China, I was thankful for that diversity of experience which had equipped me with a broader frame of reference than if I had continued as a single-track China specialist. That experience enabled me to bring to bear a judgment forged at the front line of economic and political change.